

STATE FAIR PARK

Budget Summary						FTE Position Summary				
Fund	2010-11 Adjusted Base	Governor		2011-13 Change Over Base Year Doubled		2010-11	Governor		2012-13 Over 2010-11	
		2011-12	2012-13	Amount	%		2011-12	2012-13	Number	%
GPR	\$2,363,100	\$1,196,600	\$3,363,800	- \$165,800	- 3.5%	0.00	0.00	0.00	0.00	0.0%
PR	<u>16,375,100</u>	<u>17,529,400</u>	<u>17,783,500</u>	<u>2,562,700</u>	7.8	<u>38.90</u>	<u>38.90</u>	<u>39.90</u>	<u>1.00</u>	2.6
TOTAL	\$18,738,200	\$18,726,000	\$21,147,300	\$2,396,900	6.4%	38.90	38.90	39.90	1.00	2.6%

Budget Change Items

1. STANDARD BUDGET ADJUSTMENTS

PR	\$1,977,800
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Governor: Request \$988,900 annually for: (a) full funding of salary and fringe benefits [\$848,000 annually]; (b) overtime [\$140,200 annually]; and (c) night and weekend differential pay [\$700 annually].

2. INCREASE EMPLOYEE CONTRIBUTIONS FOR PENSIONS AND HEALTH INSURANCE

PR	- \$395,000
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Governor: Delete \$197,500 annually to reflect fringe benefit cost reductions associated with increased state employee contributions for Wisconsin Retirement System (WRS) benefits and health insurance coverage. The calculation of retirement savings is based on employee WRS contributions equal to 5.8% of salary. Health insurance costs reductions are based on employees paying an average of approximately 12.6% of total premium costs, compared to the current average of approximately 6% of costs.

3. BUDGET REDUCTIONS

PR	- \$1,393,000
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Governor: Reduce funding by \$696,500 annually associated with a 10% reduction to supplies and other non-personnel costs. The reductions would include the following appropriations:

<u>Fund</u>	<u>Appropriation</u>	<u>Base</u>	<u>Annual Reduction</u>
PR	General operations	\$12,414,600	\$676,500
PR	Capital expenses	200,000	<u>20,000</u>
	Total		\$696,500

4. WISCONSIN EXPOSITION CENTER OPERATIONS

PR	\$2,211,600
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Governor: Provide \$1,055,800 in 2011-12 and \$1,155,800 in 2012-13 for operations at the Wisconsin Exposition Center. The request would include: (a) \$173,000 annually for salaries and fringe benefits for limited-term employees (LTEs); and (b) \$882,800 in 2011-12 and \$982,800 beginning in 2012-13 for utilities, supplies, maintenance and other operational services.

The Wisconsin Exposition Center is a 271,000-square-foot facility located within State Fair Park that opened in 2002. The Expo Center's construction was supported by \$44.9 million in industrial revenue bonds, and the nonprofit corporation State Fair Park Exposition Center, Inc., was created to operate the property. As part of a settlement with bondholders, the state purchased the property from Expo Center, Inc., in December, 2009, for \$13.9 million. In April, 2011, State Fair Park will begin paying for state debt issued for the purchase. Debt service is currently expected to average about \$1.1 million per year for 20 years, beginning in 2011-12.

In addition, the Joint Committee on Finance authorized 9.0 PR positions in March, 2010, for State Fair Park to staff Expo Center operations. The state staff replaced approximately 14 full-time positions previously used to operate the facility by the nonprofit corporation. The nine positions cover various responsibilities related to both Expo Center and other operations, including: (a) event direction and management; (b) event sales and marketing to prospective consumer and trade shows and other events; (c) finance; and (d) property maintenance. The annual salary-related costs of these positions are budgeted at approximately \$1 million and are included under standard budget adjustments.

The bill is intended to reflect the remaining costs associated with the Expo Center's operations, and would result in total annual costs of approximately \$3 million. State Fair Park officials expect \$3.4 million in Expo Center revenues for 2010-11 and \$3.2 million in revenues for each year of the 2011-13 biennium. Park officials indicate the agency in its entirety may generate a yearly surplus of about \$700,000 in 2011-12 and \$800,000 in 2012-13. Park officials currently estimate a 2010-11 surplus of about \$1 million.

5. CURRENT LAW DEBT SERVICE REESTIMATE

GPR	\$1,677,100
PR	<u>21,200</u>
Total	\$1,698,300

Governor: Provide \$761,200 GPR in 2011-12 and \$915,900 GPR in 2012-13, and provide \$3,600 PR in 2011-12 and \$17,600 PR in 2012-13 to reestimate debt service on general obligation bonds issued for the construction and maintenance of State Fair Park facilities. GPR debt service is primarily associated with

agricultural and other exhibition facilities at State Fair Park, as well as various land acquisitions, infrastructure projects and the Tommy G. Thompson Youth Center. PR debt service is primarily associated with the Milwaukee Mile racetrack and grandstand and other general facilities improvements.

Under the bill, total GPR debt service would be estimated at \$1,196,600 in 2011-12 and \$3,363,800 in 2012-13. Total PR debt service would be estimated at \$3,764,100 in 2011-12 and \$3,778,100 in 2012-13. However, beginning in 2010-11, debt service of \$1.1 million each year for the 2009 purchase of the Wisconsin Exposition Center will also be supported by PR, and this portion of State Fair Park's obligations has not been included in the bill's debt service estimates. Therefore, total PR debt service will likely be approximately \$4.9 million each year in 2011-13.

6. GPR DEBT RESTRUCTURING -- DEBT SERVICE

GPR	- \$1,842,900
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Governor: Decrease funding by \$1,927,700 in 2011-12 and increase funding by \$84,800 in 2012-13 to the reflect estimated GPR debt service costs associated with the proposed restructuring of general obligation bond and commercial paper GPR principal amounts that would otherwise be paid off in 2011-12. Under the bill, the state would issue refunding bonds to restructure a portion of its outstanding general obligation GPR principal debt and would rollover the principal due on its outstanding commercial paper in 2011-12. The increase in debt service for 2012-13 is associated with the initial interest amount due on the additional debt issued to replace the restructured 2011-12 principal amounts. [See "Building Commission" for additional information regarding this provision.]

7. TRANSFER POSITION FROM DOA

Governor: Provide \$140,100 beginning in 2012-13 with 1.0 human resources assistant position under State Fair Park's general operations appropriation. This position would be transferred from the Department of Administration (DOA) for various duties related to personnel management at State Fair Park, where the position is currently based. The administration reports this action would partially reverse a provision of 2005 Act 25, under which various agencies' human resources and payroll functions were consolidated in DOA.

	Funding	Positions
PR	\$140,100	1.00

8. POSITION RECLASSIFICATION

Governor: Convert 0.15 PR position in State Fair Park's general operations appropriation from the classified service to unclassified. The administration reports this conversion would reconcile a discrepancy within the state budget system. The state personnel management system currently lists 24.9 PR State Fair Park positions as unclassified and 14.0 PR positions as classified. However, the state budget system shows 24.75 unclassified positions and 14.15 classified positions.